

Message Text

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ORIGIN EA-14

INFO OCT-01 ADP-00 INT-08 TRSE-00 OMB-01 IO-12 CIAE-00

DODE-00 PM-09 H-02 INR-09 L-03 NSAE-00 NSC-10 PA-03

RSC-01 PRS-01 SS-14 USIA-12 /100 R

DRAFTED BY EA/ J: WPIEZ: BD

EXT., 23152 - 3/27/73

APPROVED BY EA/ J - RICHARD A. ERICSON, JR.

INTERIOR - MR. DEYOUNG

TREASURY - MR. CHIODO

----- 049018

R 282328 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 057590

E. O. 11652 GDS

TAGS: TQ, JA

REF: TOKYO 3068

SUBJECT: AGREEMENT ON MICRONESIAN CLAIMS

1. DURING THE NEGOTIATION OF EXCHANGE OF NOTES WITH JAPANESE ON PROCUREMENT PROCEDURES UNDER MICRONESIAN CLAIMS AGREEMENT WE AGREED TO PREPARE SEPARATE LETTER ON SUBJECT OF ADMINISTRATIVE SUPPORT FOR INTERIOR DEPT PROCUREMENT OFFICER. IT WAS ASSUMED THAT LETTER WOULD BE DRAFTED AND DISCUSSED IN WASHINGTON. HOWEVER, IT MAY BE PREFERABLE TO TRANSFER THAT DISCUSSION TO TOKYO, FOR FOLLOWING REASONS: (1) CONTACT WITH MINFINANCE AS WELL AS WITH FORNMIN MAY BE NECESSARY; (2) SHOSUKE ITO NEGOTIATED NOTES IN WASHINGTON AND IS THOROUGHLY FAMILIAR WITH BACKGROUND AND OUR POSITION. HE HAS AGREED TO DO HIS BEST FOR US ON THE ADMINISTRATIVE SUPPORT QUESTION AND IS NOW IN TOKYO; (3) JAPANESE EMBOFF WHO PARTICIPATED WITH ITO IN TALKS HERE (SATO)

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APPEARS TO BE LESS FRIENDLY. HE COMMENTED AT ONE POINT THAT HE PERSONALLY OPPOSED USING ANY INTEREST EARNINGS FOR SALARIES FOR LOCALLY HIRED JAPANESE. WE DOUBT THAT THIS POINT CAN BE WON, BUT IF IT CAN, CHANCES SEEM BETTER WORKING FROM TOKYO; AND (4) JESSE QUIGLEY OF INTERIOR IS PERSON MOST INTERESTED IN THIS AND HE WOULD BE CLOSER TO DISCUSSIONS IF THEY WERE HELD IN TOKYO.

2. PLEASE ADVISE IF EMBASSY IS WILLING TO UNDERTAKE THIS ASPECT OF NEGOTIATION. IF SO, WE WILL PROPOSE TO JAPANESE EMBASSY TRANSFER OF ISSUE TO TOKYO, AND INFORM YOU WHEN WE HAVE AGREEMENT.

3. JAPANESE AGREED WE WOULD PREPARE FIRST DRAFT OF LETTER; DRAFT TEXT IS AS FOLLOWS:

DEAR :

UNDER THE PROVISIONS OF AN EXCHANGE OF NOTES BETWEEN OUR TWO GOVERNMENTS OF MARCH 13, 1973 REGARDING THE IMPLEMENTATION OF THE MICRONESIAN CLAIMS AGREEMENT, THE U. S. DEPARTMENT OF INTERIOR WILL BE SENDING A PROCUREMENT OFFICER TO TOKYO AS NEEDED FROM TIME TO TIME TO NEGOTIATE CONTRACTS FOR THE PROVISION OF JAPANESE GOODS AND SERVICES.

IN ORDER TO ASSURE THAT THE WORK OF THE PROCUREMENT OFFICER IS PERFORMED WITH MAXIMUM EFFICIENCY, I PROPOSE THAT ADMINISTRATIVE SUPPORT ESSENTIAL TO HIS FUNCTIONS BE PROVIDED FOR OUT OF INTEREST EARNINGS ON YEN DEPOSITS MADE UNDER THE TERMS OF THE EXCHANGE OF NOTES OF MARCH 13, 1973.

PAYMENT FOR ADMINISTRATIVE SUPPORT OUT OF INTEREST EARNINGS WOULD BE LIMITED TO THE PURCHASE IN JAPAN OF THE PRODUCTS OF JAPAN AND THE SERVICES OF THE JAPANESE PEOPLE, AND COULD INCLUDE THE SALARY OF A JAPANESE ASSISTANT TO BE EMPLOYED IN TOKYO, TRAVEL IN JAPAN ON JAPANESE CARRIERS, OFFICE RENTAL IN JAPAN, UTILITIES AND COMMUNICATIONS EXPENSES IN JAPAN, PER DIEM OF THE PROCUREMENT OFFICER IN JAPAN OR, IN LIEU OF PER DIEM, QUARTERS EXPENSES.

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TOTAL EXPENSES FOR SUCH PURPOSES WILL NOT

EXCEED THE SUM OF 13 MILLION YEN PER ANNUM, AND NO PAY-
MENT WILL BE AUTHORIZED FOR ADMINISTRATIVE SUPPORT
AFTER THE CLOSE OF U. S. FISCAL YEAR 1975. END TEXT.

4. EMBASSY COMMENT ON PROPOSED TEXT OF LETTER
REQUESTED. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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